

**Translation of Announcement No. 3 – 2020
to Nasdaq Copenhagen**



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NOTICE CONVENING THE ANNUAL GENERAL MEETING OF BRØDRENE A & O JOHANSEN A/S

The Board of Directors hereby convenes the annual general meeting of Brødrene A & O Johansen A/S, CVR (Central Business Register) No. 58 21 06 17, which will be held on

FRIDAY, 20 MARCH 2020, AT 11.00 A.M.

at

**BRØDRENE A & O JOHANSEN A/S
RØRVANG 3
2620 ALBERTSLUND**

with the following

AGENDA:

- 1. The Board of Directors' report on the company's activities in 2019**
- 2. Approval of the Annual Report for 2019**

The Board of Directors recommends approval of the Annual Report for 2018.

- 3. Distribution of profits in accordance with the approved Annual Report**

The Board of Directors proposes to pay out a dividend for 2019 of DKK 6 per share of nominally DKK 10. Dividend is paid out to both preference shareholders and ordinary shareholders.

- 4. Discharge of liability for members of the Board of Directors and the Executive Board**

The Board of Directors proposes that the members of the company's Board of Directors and the Executive Board are discharged from liability in relation to the approved Annual Report for 2019.

- 5. Approval of the remuneration of the Board of Directors**

- 5.1. Approval of the remuneration of the Board of Directors for 2020**

The Board of Directors proposes that the Board of Directors' total remuneration for 2020, including committee fees, DKK 3,225,000, be approved. The total remuneration of the Board of Directors for 2020 is unchanged compared to the total remuneration paid to the Board of Directors for 2019.

6. Election of members to the Board of Directors

The Board of Directors proposes re-election of all members of the Board elected by the general meeting for a period of one year. The Board of Directors therefore proposes the election of Henning Dyremose (Chairman), Michael Kjær (Deputy Chairman), Erik Holm, Preben Damgaard Nielsen (elected by the preference shareholders) and Niels A. Johansen.

Backgrounds and managerial posts of the members of the Board are described in Schedule 1.

7. Election of auditor

The Board of Directors proposes to re-elect Ernst & Young Godkendt Revisionspartnerselskab A/S as the company's auditor in accordance with the recommendation of the Audit Committee.

The Audit Committee's recommendation has not been influenced by third parties nor subjected to restrictions limiting the annual general meeting's choice to certain categories or lists of state-authorized public accountants or audit firms.

8. Proposals from the Board of Directors

8.1. Amendments to the Articles of Association

The Board of Directors proposes that the Articles of Association be amended as follows:

a)

FEGIME Denmark A/S is added as a secondary name, after which Article 1, paragraph 2, of the Articles of Association get the following wording:

"The company also carries on business under the following secondary names:

*"Vaga Teknik A/S",
"Aquex A/S",
"P. C. Christensens Eff. A/S",
"AO-MAVAB A/S",
"Aktieselskabet Poul Thoft Simonsen, Esbjerg",
"SEKO EL & VVS A/S",
"SEKO A/S",
"Ervex A/S",
"AO-Ervex A/S",
"Billig VVS A/S",
"BILLIG-VVS.DK A/S",
"BILLIGVVS.DK A/S",
"LavprisVVS A/S",
"BAD I TIDEN A/S",
"LAVPRISBAD.DK A/S",
"LAVPRISVVS.DK. A/S",
"LPV.DK A/S",
"Billig A/S", and
"FEGIME Denmark A/S".*

b)

The Board of Directors proposes that the Articles of Association be updated to reflect that VP Services A/S was merged into VP Securities A/S, CVR number 21 59 93 96, in January this year. Consequently, Article 3, paragraph 6, get the following wording.

“The company’s register of shareholders shall be kept by VP Securities A/S, CVR number 21 59 93 36.

c)

Article 6, paragraph 1, is proposed to be amended so that the standard agenda for the company’s Annual General Meeting is updated. The proposal is made due to new rules in the Danish Companies Act caused by the implementation of the Shareholder Rights Directive into Danish law. As of 2021, it is a requirement to have an annual presentation of and advisory vote on the Remuneration Report. In addition, the Board of Directors proposes to move the item regarding the annual approval of the remuneration of the Board of Directors from Article 12, paragraph 3, of the Articles of Association to the standard agenda:

“The agenda of the Annual General Meeting shall include the following:

- 1. The Board of Directors’ report on the company’s activities in the past year.*
- 2. Presentation of the Annual Report for approval and grant of discharge to the Board of Directors.*
- 3. Resolution regarding the distribution of profits or covering of losses.*
- 4. Presentation of and advisory vote on Remuneration Report.*
- 5. Approval of the remuneration of the Board of Directors.*
- 6. Election of members to the Board of Directors.*
- 7. Appointment of one state-authorized public accountant or auditing firm.*
- 8. Any proposals from the Board of Directors or the shareholders.”*

As the items 4 and 5 are added to Article 6, paragraph 1, the last sentence in paragraph 1 is deleted.

The updated Articles of Association are available on the company’s website.

8.2. Approval of remuneration policy

The Board of Directors proposes that the remuneration policy be approved the general meeting. The remuneration policy is available as Schedule 2.

8.3. Authorisation to acquire own shares

The Board of Directors proposes that it be authorised by the General Meeting during the period until 1 May 2021 to let the company acquire own preference shares equivalent to a total of 10% of the company’s share capital at the time of being granted authorisation, provided that the company’s total holding of own shares at no point exceeds 10% of the company’s share capital. The consideration must not deviate by more than

10% from the official price quoted at Nasdaq Copenhagen at the time of acquisition.

8.4. *Authorisation of the chairman*

The Board of Directors proposes that the chairman of the General Meeting (with the right of substitution) be authorised to register the resolutions passed by the General Meeting with the Danish Business Authority and to make such alterations as the Danish Business Authority may require for registration or approval.

9. Any other business

Adoption requirements

Adoption of the proposal set out in item 8.1 a) – c) of the agenda requires at least 2/3 of the votes cast and of the voting share capital represented at the general meeting. The other proposals on the agenda may be adopted by a simple majority of votes.

Share capital and voting rights

The company's share capital amounts to DKK 28,000,000, nominal value, of which DKK 5,640,000, nominal value, constitutes ordinary share capital, and DKK 22,360,000, nominal value, constitutes preference share capital. The ordinary share capital is divided into shares of DKK 100 each or multiples hereof, while the preference share capital is divided into shares of DKK 10 each or multiples hereof. Any ordinary share in the amount of DKK 100 carries 100 votes, while any preference share in the amount of DKK 10 carries 1 vote.

The right of the shareholder to attend a general meeting and to vote in respect of his/her shares is determined on the basis of the shares held by the shareholder at the record date. The shareholding and the voting rights are calculated on the basis of entries in the shareholders' register and any notice of ownership received by the company for the purpose of registration in the shareholders' register.

The record date is **Friday, 13 March 2020**.

Furthermore, attendance is subject to the shareholder having requested an admission card as described below.

Admission cards

Shareholders who wish to attend the general meeting must request an admission card.

The deadline for ordering admission cards is **Monday, 16 March 2020, at 11.59 pm**.

A shareholder or his/her proxy holder may attend the general meeting together with an advisor, provided that an admission card for the advisor has been timely requested.

Admission cards may be requested:

- electronically via "Investor Relations" on the company's website, www.ao.dk, or
- by contacting the company by telephone at +45 70 28 01 80.

Admission cards will be sent by email to the email address provided by the shareholder and which has been registered in the register of shareholders. Please bring an electronic or printed copy of the digital admission card. Admission cards can also be collected at the registration counter at the entrance to the general meeting upon providing proper proof of identification. Voting cards will be distributed at the counter at the entrance to the general meeting.

Shareholders may register their e-mail addresses on www.ao.dk, or by sending an email to suh@ao.dk.

Shareholders, who is unable to attend the general meeting, may vote by proxy or by written vote (vote by correspondence).

Proxy

Proxies must be received by Brødrene A & O Johansen A/S no later than **Monday, 16 March 2020, at 11.59 pm**.

Proxy may be granted:

- by completing, signing and returning the proxy form by ordinary post to Brødrene A & O Johansen A/S, Rørvang 3, 2620 Albertslund, Denmark, or by email to suh@ao.dk. The proxy form may be downloaded from the company's website, www.ao.dk.

Proxy may be granted to the Board of Directors or a designated third party.

Written vote (vote by correspondence)

Written votes must be received by Brødrene A & O Johansen A/S no later than **Thursday, 19 March 2020, at 3 pm**. Written votes cannot be revoked once submitted.

Written votes may be submitted:

- by completing, signing and returning the vote by correspondence form by ordinary post to Brødrene A & O Johansen A/S, Rørvang 3, 2620 Albertslund, Denmark, or by email to suh@ao.dk. The vote by correspondence form may be downloaded from the company's website, www.ao.dk.

Additional information

Until and including the date of the general meeting, the following additional information will be available at the company's website, www.ao.dk:

- Notice and agenda of the general meeting, including the complete proposals, information on managerial posts and backgrounds of candidates to the Board of Directors, and the remuneration policy.
- The documents to be presented at the general meeting, including the Annual Report for 2019 and the updated Articles of Association.
- Proxy and vote by correspondence form.
- The total number of shares and voting rights as at the date of the notice.

Personal data

With regard to the collection and processing of personal data, reference is made to the information sheet on data protection law related matters in connection with the holding of the annual general meeting available at the company's website under "General Meeting". In addition, reference is made to the company's privacy policy available at <https://ao.dk/mit-ao/indstilling/privatlivspolitik>.

Questions from the shareholders

Prior to the general meeting shareholders may submit questions concerning the agenda or the documents to be considered at the general meeting in writing to Brødrene A & O Johansen A/S by email to: suh@ao.dk.

Albertslund, February 2020

The Board of Directors

Schedule 1

INFORMATION ABOUT THE BOARD OF DIRECTORS' MANAGERIAL POSTS

Members:

- **Henning Baunbæk Dyremose, Chairman of the Board**

- Manager of Henning Dyremose ApS, HD Invest, Virum ApS, HCE Invest, Virum ApS, CD Invest, Virum ApS, Elly Dyremose ApS.
- Born 1945.
- Nationality: Danish.
- Chairman of the Board since 2007.
- Member of the Board since 1997.
- Chairman of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the ordinary shareholders.
- As Henning Dyremose has been a member of the Board for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Broad leadership experience in business, finance and politics.
- Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S.
- Former Minister of Finance.

Managerial Posts

- Chairman of the boards of:

Aveny-T Fonden,
AO Invest A/S.

- **Michael Kjær, Deputy Chairman of the Board**

- Managing Director of Invest Group A/S.
- Born 1956.
- Nationality: Danish.
- Deputy Chairman of the Board since 2007.

- Member of the Board since 2002.
- Member of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the ordinary shareholders.
- As Michael Kjær has been a member of the Board for more than 12 years, he cannot according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Qualifications in retail management at CEO level.
- Expertise in strategy, marketing and finance.
- Many years of experience with board work.
- Experience with business organisations and employers' associations.

Managerial Posts

- Chairman of the boards of:

Artha Holding A/S,
 Artha Kapitalforvaltning A/S,
 Artha Fondsmæglerselskab A/S,
 Investeringselskabet Artha Max A/S,
 Investeringselskabet Artha Optimum A/S,
 Investeringselskabet Artha DMax A/S,
 Investeringselskabet Artha Responsible A/S,
 Investeringselskabet Artha Safe A/S,
 Kraks Fond,
 Ove K Invest A/S,
 Realfiction Holding AB,
 Realfiction ApS,
 Realfiction Lab ApS,
 CORE Leasing A/S,
 Telecenteret A/S,
 TC-Go A/S.

- Deputy Chairman of the board of:

AO Invest A/S.

- Member of the boards of:

Dansk Erhverv,
 Dansk Arbejdsgiverforening,
 Jacobsgaard Investment Advisory ApS,
 MenuPay AB,
 MenuPay ApS,
 Invest Group A/S,
 Kjær 11-11-11 ApS,
 Paul Kjær Invest A/S,
 Paul Kjær 1991 ApS.

- Ad hoc expert judge at the Danish Maritime and Commercial Court.

- **René Alberg**

- Product Manager.
- Born 1971.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 2006.
- Re-elected in 2018, term expires in 2022.

- **Erik Holm**

- Managing Director of Maj Invest Equity A/S,
Manager of Maj Invest Holding A/S,
Fondsmæglerselskabet Maj Invest A/S,
Erik Holm Holding ApS,
MIE5 Holding 4 ApS.
- Born 1960.
- Nationality: Danish.
- Member of the Board since 2009.
- Member of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the ordinary shareholders.
- Considered to be independent of special interests.

Qualifications

- Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S.
- Broad leadership experience in sales, finance and logistics, both in Denmark and internationally.
- Experience of Board work in other listed companies.

Managerial Posts

- Chairman of the boards of:

Sticks'n'Sushi UK Limited,
Cenex ApS,
Sovino Brands Holding ApS,
Sovino Brands ApS.

- Deputy Chairman of the boards of:

SP Group A/S,
Arvid Nilssons Fond.

- Member of the boards of:

Fonden Maj Invest Equity General Partner,
Maj Invest Equity A/S,
Maj Invest South America S.A.,
Maj Invest Singapore Private Ltd.,
Wendelbo Møbel Design A/S,
Wendelbo Interiors A/S,
AO Invest A/S,
Sticks'n'Sushi A/S,
Sticks'n'Sushi Holding A/S,
MIE5 Datterholding 8 ApS.

- **Carsten Jensen**

- Logistics Coordinator.
- Born 1955.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 1990.
- Re-elected in 2018, term expires in 2022.

- **Niels Axel Johansen**

- Chief Executive Officer of Brødrene A & O Johansen A/S.
- Born 1939.
- Nationality: Danish.
- Member of the Board since 1979.
- Elected by the ordinary shareholders.
- As Niels A. Johansen has been a member of the Board for more than 12 years and is a member of the Executive Board, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Long-time managerial experience as CEO.
- In-depth knowledge of the wholesale industry of installation materials in Denmark and the rest of Europe.

Managerial Posts

- Chairman of the board of:
Avenir Invest ApS.
- CEO and member of the board of AO Invest A/S.

- **Jonas Kvist**

- Sales Manager.
- Born 1986.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 2018.
- Elected in 2018, term expires in 2022.

- **Preben Damgaard Nielsen**

- Managing Director of Damgaard Company A/S, Damgaard Group A/S, Damgaard Group Holding A/S, Ejendomsselskabet Oktanten ApS, The Closet ApS, Katrine Damgaard Invest ApS, Olivia Damgaard Invest ApS, Markus Damgaard Invest ApS, Damgaard Family Invest ApS, Damgaard Family Invest IV ApS, Galleri Bo Bjerggaard International ApS, PD International Invest ApS, Ejendomsselskabet Tesch Alle ApS, DGH I ApS, PD Estate International ApS.
- Born 1963.
- Nationality: Danish.
- Member of the Board since 2007.
- Member of Brødrene A & O Johansen A/S' Audit Committee.
- Elected by the preference shareholders.
- As Preben Damgaard Nielsen has been a member of the Board for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Broad leadership experience.
- Long-time experience as CEO.
- Long-time experience as board member.
- Worked as CEO of a listed company from 1999 to 2003.
- In-depth knowledge of accounting and IT systems.
- In-depth knowledge and experience of business acquisitions and disposals.

Managerial Posts

- Chairman of the boards of:

Proactive A/S,
Proactive Holding 2008 A/S,
7N A/S,
Too Good To Go ApS,
Too Good To Go Holding ApS,
Templafy ApS,
Dixa ApS.

- Member of the boards of:

Skolebordet.dk ApS,
Damgaard Company A/S,
Damgaard Group A/S,
Damgaard Group Holding A/S,
Scalepoint Technologies Holding A/S,
Scalepoint Technologies Denmark A/S,
Configit A/S,
Configit Holding A/S,
OrderYOYO ApS,
Saxo Bank A/S,
AO Invest A/S.

- Member of the Investment Committee for Seed Denmark.

REMUNERATION POLICY

for the Board of Directors and the Executive Board



BRØDRENE A & O JOHANSEN A/S

Rørvang 3
DK-2620 Albertslund
Denmark
CVR (Central Business Register) No.: 58210617

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1 Introduction

Brødrene A & O Johansen A/S' (hereinafter called AO) remuneration policy for the Board of Directors and the Executive Board describes the principles for payment of remuneration to the Board of Directors and the Executive Board. The Executive Board means the executive officers registered with the Danish Business Authority.

The objectives of this remuneration policy are:

- to attract, motivate and retain qualified members of the Board of Directors and the Executive Board
- promote long-term value creation and sustainable return on AO's investments
- to ensure that sound and efficient risk management systems are implemented to the benefit of the Company's stakeholders
- to align the interests of the shareholders with those of the Board of Directors and Executive Board, both in the long and the short term.

The Board of Directors is responsible for drawing up the remuneration policy and ensures that it meets its objectives.

The remuneration policy for AO's Board of Directors and Executive Board is drawn up making allowances for the salaries and terms of employment of the other employees and the responsibilities of the Board of Directors and the Executive Board. In drawing up the remuneration policy, attention has also been paid to the special structure of the Company and to the fact that the ratio between the total remuneration of the management and the other employees may not differ significantly from similar listed Danish companies.

2 Remuneration of the Board of Directors

Once a year, the Board of Directors reviews the Directors' fees based on recommendations from the Chairmanship.

The Chairmanship bases its recommendations on relevant comparisons with other companies of the same size and complexity, taking into consideration the competency and performance requirements for the Board of Directors, including the number of meetings and the participation in committees.

Members of the Board of Directors receive a fixed annual remuneration based on the number of Board of Director and Committee seats held in the Company and the Group. Board members are not offered any incentive-based remuneration. This ensures that the Board of Directors is independent of short-term financial results and can focus on the Company's long-term strategic value creation and sustainability.

The Board of Directors' remuneration for each financial year is to be approved at the Annual General Meeting. Proposals for the Board of Directors' remuneration for the coming financial year are also to be presented at the Annual General Meeting for approval.

2.1 Fixed remuneration

Each member of the Board of Directors receives a fixed annual base fee.

Members of the Board of Directors elected by the employees receive the same remuneration as the members elected by the General Meeting.

In addition to the base fee, the Chairman and the Deputy Chairman of the Board of Directors receive an additional fee which, in accordance with market practice, can constitute up to 100% and 50%, respectively, of the annual base fee.

Members of Board Committees also receive a fixed annual committee fee, which can constitute up to 100% of the base fee. In addition to the fixed annual committee fee the Chairman and the Deputy Chairman of the Board Committees receive an additional fee. The additional fee can constitute up to 100% of the fixed annual committee fee for the Chairman and up to 50% for the Deputy Chairman.

A separate fee is paid to members of the Board of Directors holding directorships or other management posts in the subsidiaries of the Company

2.2 Remuneration for specific tasks

If individual Board members take on specific tasks outside their normal duties assigned by the Board of Directors, the Chairmanship may recommend to the Board of Directors that they approve a remuneration for such tasks.

2.3 Incentive programs

The members of the Board of Directors are not offered any bonus or incentive programs.

2.4 Pension

The remuneration of the Board of Directors does not include contributions to pension schemes.

3 Remuneration of the Executive Board

The Board of Directors has adopted a remuneration structure for the Executive Board which best supports the objectives of the remuneration policy:

The remuneration of the Executive Board consists of:

- Fixed salary
- Short-term incentive pay
- Long-term incentive pay
- Pension
- Personal benefits (company car etc.)

All components are described in more detail below, including the relative share of each component.

Members of the Executive Board do not receive separate remuneration for management posts held in the subsidiaries of the Company, but members of the Executive Board may, when agreed with the Board of Directors, receive a director's fee on an equal footing with external members of the Board of Directors

The remuneration of the Executive Board contributes to AO's business strategy, long-term interests and sustainability through the use of relevant short- and long-term key financial performance indicators, strategic goals and the development of the Company's share price, cf. below.

Once a year, the Board of Directors reviews the remuneration of the Executive Board, and based on this and recommendation from the Chairmanship, they set the criteria for the Executive Board's incentive pay for the coming year.

The Executive Board's incentive pay is evaluated annually by the Board of Directors in accordance with the predetermined criteria. The degree of achievement of objectives is determined by the Board of Directors on recommendation from the Chairmanship.

3.1 Fixed salary and pension schemes

Each member of the Executive Board is paid a fixed annual salary based on among other things seniority and experience as compared to the market level of other relevant companies of similar size, complexity and structure.

Individual pension schemes are agreed upon within the salary scale determined by the Board of Directors. Pension contributions can constitute up to 16% of the fixed annual salary for the individual executive.

3.2 Personal benefits

A number of usual work-related benefits are available to the members of the Executive Board, e.g., company car, etc. The extent of individual benefits is negotiated with each individual member of the Executive Board within the guidelines laid down by the Board of Directors, and it will not exceed 6% of the fixed annual salary, including pension, for the individual executive.

In addition, the members of the Executive Board are covered by a life and accident insurance taken out by AO.

3.3 Variable remuneration components

3.3.1 Short-term incentive pay

Short-term incentive pay includes cash bonus based on performance over a 12-month period. The purpose of the short-term incentive pay is to motivate and reward the Executive Board in order to help AO achieve the adopted short-term goals.

Goals are set for one year at a time and primarily include financial results such as gross margin, profit before tax, cash flow from operations, etc., but may also include share price performance and targets for the individual Executive Board member's functional area such as market share, employee turnover, employee satisfaction, implementation of new concepts, etc.

The payment and the size of the bonus will depend on the fulfillment of the agreed targets for the current year and will be paid out at the end of the vesting period.

The short- and long-term cash bonus may not exceed a maximum of four months' fixed salary for members of the Executive Board.

3.3.2 *Long-term incentive programs*

Long-term incentive programs include long-term cash bonus and the grant of share options or similar share-based programs.

The purpose of the long-term incentive pay is to ensure the Executive Board's focus on the long-term business strategy, the sustainability of the Company and the alignment of shareholders' interests with those of the Executive Board.

Long-term cash bonus

The Board of Directors may decide to set performance targets for the cash bonus, cf. point 3.3.1, which extends beyond one year. It may take 2-5 years to achieve the set targets, and thus they become long-term. In such cases the targets will typically consist of strategic targets, long-term projects, development and implementation of new concepts, transformation of functions, etc.

The size of the bonus payment is determined and paid out at the end of the vesting period.

Share-based programs

The Board of Directors may decide to grant share options or similar share-based rights to any member of the Executive Board.

The share-based programs can be granted both as a single grant and repeated annual grants.

At the time of grant, the value of the share-based program calculated in accordance with the Black-Scholes method may not exceed the value of the individual Executive Board member's fixed salary and pension for the current year, cf. point. 3.1.

The maturity period is a maximum of three years from grant date with a subsequent exercise period of no more than 10 years.

The Board of Directors determines the specific grant terms, including exercise price, exercise date and number as well as relevant goals.

Primarily, the goals comprise long-term financial results such as gross margin, profit before tax, cash flow from operations, etc., but they may also include share price performance and targets for the individual Executive Board member's functional area such as market share, employee turnover, employee satisfaction, implementation of new concepts, etc. The maturity, payout and size of share-based programs will depend on the achievement of the agreed goals. The purpose is to motivate and reward the Executive Board for contributing to AO achieving the long-term goals that have been adopted.

No share options, etc., may be granted, if the intended grant, plus the value (at their grant date) of previously granted and not matured programs, in total, exceeds the annual salary and pension of the Executive Board member in question on the date of grant, cf. point 3.1.

If the Executive Board is granted share options, the share options are hedged by treasury shares owned by the Company, or if this is not sufficient, through the acquisition of treasury shares.

3.3.3 *Reclaim of variable components of remuneration*

In certain cases, variable components of remuneration awarded or paid to an Executive Board member may be reclaimed, in full or in part, by AO.

Certain cases include, but are not limited to, material misstatement in AO's annual report where the Executive Board member has been in bad faith or where it is assessed that the Executive Board member has exceeded his or her powers and inflicted a material loss on AO.

3.4 **Termination and severance**

Members of the Executive Board are employed without a time limit, but with a mutual right to terminate employment.

AO may terminate the employment of a member of the Executive Board by giving 12 months' written notice. A member of the Executive Board may terminate the employment with the Company by giving six months' written notice.

The total remuneration for the notice period, including any severance pay, may not exceed two years' total remuneration, including all remuneration components.

Agreements on special remuneration can be made with members of the Executive Board in the event of a change of control.

4 **Deviation from the remuneration policy**

In certain cases, the Board of Directors may temporarily deviate from the remuneration policy if factual and verifiable evidence indicates that this is necessary to serve the long-term interests of the Company and its shareholders.

Certain cases include, but are not limited to, changes in the Executive Board, change of control or merger, and acquisition/disposal of subsidiaries. The deviation could include the size of cash bonus payments, severance payments or share-based programs.

In order to deviate from the remuneration policy, there must be a reasoned recommendation from the Chairmanship and the Board of Directors must agree on approving the recommendation.

At the next General Meeting, the Board of Directors must explain any deviation from the remuneration policy and the reason for it.

If the deviation from the remuneration policy is of a character that cannot be considered temporary, and therefore should be covered by the remuneration policy, an amended proposal for a remuneration policy will be submitted at the next General Meeting.

5 Process, review and implementation

The Chairmanship reviews the remuneration policy annually and ensures that the policy continues to support AO's strategic goals and that there are overlapping interests between the Company's shareholders, the Board of Directors and the Executive Board in both the short and the long term.

Once a year, the Chairmanship submits the conclusions of their review to the entire Board of Directors, including proposals for possible changes to the remuneration policy to be considered and approved by the entire Board of Directors.

In the event of changes to the remuneration policy, the Executive Board can be consulted, but the Executive Board has no decision-making powers in relation to the remuneration policy.

In order to ensure independence and avoid conflicts of interests, a member of the Board of Directors or Executive Board may not participate in the decision-making process regarding an agreement between AO on the one hand and the relevant member of the Board of Directors or the Executive Board on the other hand.

As the remuneration of the Board of Directors consists solely of a fixed fee, which is approved by the general meeting, it is the Company's opinion that there is no risk of conflicts of interests in connection with the Board of Directors work with the remuneration policy.

The remuneration policy is submitted for approval by the General Meeting in the case of any material change and at least every four years.

6 Publication and entry into force

This remuneration policy was approved by the Board of Directors on 21 February 2020, and in addition, it must be approved by the shareholders at the Annual General Meeting on 20 March 2020.

If the remuneration policy is approved at AO's Annual General Meeting, the remuneration policy will be published on AO's website (www.AO.dk) immediately after the Annual General Meeting.